



September 4, 2012

TO: Board Members, City/County Association of Governments, San Mateo County  
FROM: Advocation, Inc. – Shaw / Yoder / Antwih, Inc.

**RE: STATE LEGISLATIVE UPDATE- AUGUST**

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The legislature adjourned the 2011-12 regular Session on Friday, August 31. Barring a Special Session, the legislature will reconvene in December with a new class of legislators. The following is a list of issues of interest to C/CAG that we have been monitoring over the course of the final weeks. The Governor has until September 30 to either sign or veto legislation.

**Proposition 1A-High Speed Rail Funding**

On July 6<sup>th</sup>, the legislature approved SB 1029, which appropriates funding for high-speed rail. The appropriation includes \$6 billion for the Central Valley (\$3.3 billion of which is a federal grant), \$1.1 billion for the “bookends”, primarily Caltrain and Metrolink and \$819 million for connectivity project funding (including \$106 million for intercity rail) for the 11 recipients identified in the list approved by the California Transportation Commission (CTC) on June 27<sup>th</sup>.

As a result, Caltrain will receive \$1.1 billion in Proposition 1A funding to use with local match dollars (\$1.428 billion total) to electrify its system along its existing right-of-way, implement positive train control, and purchase new rail cars. The improvements would be completed by 2019, a full 12 years before high-speed rail service is being contemplated in the area. Electrification will allow for member agencies to reduce their operating costs in half while increasing service from 45,000 to 70,000 riders per day.

The CTC has been granted authority by the Department of Finance (DOF) to issue allocations immediately to begin over the Fall. Unlike recent years, DOF is not waiting for a bond sale prior to funding a project. Instead, they will borrow against existing transportation pots and reimburse those sources within the fiscal year after a sale has occurred. This traditional strategy will help ensure that projects are expedited while reducing the state’s liability of incurring bond debt service.

**CTC Meeting**

We are pleased to report that San Mateo will be hosting the California Transportation Commission for its September 27<sup>th</sup> meeting. Your advocacy team is working with Caltrain, SamTrans, and SMCTA staff on making the event a success.

**Key Bills**

**1. AB 1780 (Bonilla)** assigns responsibilities, including cost-sharing responsibilities between local transportation planning agencies and Caltrans, for completion of project study reports (PSRs), or equivalent planning documents. It also directs Caltrans to review and approve PSRs or equivalent planning documents that are prepared by other entities for projects on the State Highway System. Mandates that, for state highway projects that are in an adopted regional transportation plan, a voter-approved county sales tax measure expenditure plan, or other voter-approved transportation program, Caltrans is to review and approve the PSR or

equivalent planning document at its own expense; for other projects, Caltrans's costs for review and approval of the PSRs or equivalent planning documents are to be paid by the entity performing the work.

PSRs and equivalent planning documents (referred to collectively as project initiation documents, or PIDS) are used to document the initial stages of a project's development. They contain specific information related to a project idea such as the identification of the transportation problem that is to be addressed, an evaluation of potential alternatives to address the problem, and the justification and description of the preferred solution. Each PSR also includes the estimated cost, scope, and schedule of the project-information needed to decide if, how, and when to fund the project. Existing law requires PSRs to be completed before a project can be included in an adopted STIP and the California Transportation Commission (CTC) administratively requires PSRs for projects to be included in the State Highway Operation and Protection Program.

Caltrans' efforts related to preparing and providing oversight for PIDS, including development of PSRs, have come under scrutiny in the last couple of years, focused largely on a significant over-production of PIDs and resultant wasteful costs. Much of the scrutiny was as a result of the Legislative Analyst's Office (LAO) budget analyses that identified deficiencies in the program, including (in addition to the over-production issue) a lack of any cost-sharing arrangements with other agencies for the development of PIDs. As a result, the Legislature requested Caltrans to collaborate with external stakeholders to identify ways to improve the project initiation process, including consideration of potential cost-sharing arrangements and a streamlined PID process.

Caltrans responded to LAO's concerns and recommendations by working with local agencies and the CTC to streamline PIDs. These efforts sought to ensure that PSRs did not include more information than was prudent to collect at the beginning stages of a project's development and that PSRs were not being done for more projects than could reasonably be expected to be developed.

Budget discussions are continuing this year and continue to focus on: 1) identifying the appropriate source of funding for PSRs and other planning documents; and 2) resolving the appropriate content and scope of these documents. Previous attempts by the Legislature to ensure that Caltrans be responsible for costs for locally-sponsored state highway projects have been twice vetoed by the Governor, who directed, instead, that Caltrans' costs for the work be reimbursed by local agencies.

A deal was finally reached with DOF to do the following:

- Specify that the PID development and oversight will not be charged indirect costs.
- Add reimbursement for locally-sponsored oversight and PID development
- Assumes SHA funding for state and joint sponsored projects.
- Contains language regarding cooperative agreements to reinforce the effort to create a standard agreement that will be easier for locals.

The contents of the agreement were inserted into AB 1477 (Budget) which has been enrolled to the Governor for consideration of a signature.

**2. SB 1339 (Yee)** authorizes the Metropolitan Transportation Commission (MTC) and the Bay Area Air Quality Management District (BAAQMD) to jointly adopt a commute benefit ordinance that requires covered employers operating within the common area of the 2 agencies with an average of 50 employees per week to offer those employees certain commute benefits.

Last year, MTC and BAAQMD sponsored similar legislation (SB 582) for purposes of authorizing a metropolitan planning organization (MPO), in conjunction with the local air quality management district, to adopt a regional commute benefit requirement, for businesses of 20 or more. SB 1339 raises the threshold to apply to companies/businesses that employ 50 people. The intent of the bill is to help reduce congestion, cut air pollution, and achieve the mandated transportation-related greenhouse gas reduction targets adopted by the Air Resources Board (ARB) in 2010, consistent with Senate Bill 375 (Steinberg, 2008).

The bill was enrolled to the Governor on August 22. He has until September 30 to sign or veto the legislation.

**3. SB 843 (Wolk)** establishes a new business model that would allow developers of renewable projects to sell electricity to customers of Investor Owned Utilities (IOUs).

The bill failed passage in the Assembly Utilities and Commerce Committee.

**4. ACA 23 (Perea)** this bill would amend the Constitution to lower the vote threshold, from 66% to 55%, for local transportation sales tax measures.

As expected, the bill died on the Assembly Floor because the author failed to acquire any Republican votes to meet the required two-thirds vote threshold.